

Management's discussion and analysis of the financial condition
and results of operations of

KURE TECHNOLOGIES, INC.

Years ended August 31, 2020 and 2019

KURE TECHNOLOGIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS of the financial condition and results of operations

(In thousands, except shares and per share amounts)
For the years ended August 31, 2020 and 2019

January 5, 2021

1. INTRODUCTION

This management's discussion and analysis ("MD&A") of the financial condition and result of operations of Kure Technologies, Inc. ("Kure" or "the Company") is supplementary to and should be read in conjunction with the Company's consolidated financial statements for the years ended August 31, 2020 and 2019.

The Company's consolidated financial statements and the notes thereto have been prepared on the basis of accounting principles applicable to a going concern. This assumes that the Company will operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, other than in the normal course of business and at amounts different from those in the financial statements.

Unless specifically stated, the references to "Kure" or "the Company" include the legal entity Kure Technologies, Inc. and its wholly-owned subsidiary, UBS Wireless Services Inc. ("UBS Wireless").

2. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements and information concerning expected future events, the future performance of the Company, its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to the Company's objectives and strategies to achieve those objectives, as well as statements with respect to its beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words.

These forward-looking statements and information are based on current expectations. The Company cautions that all forward-looking statements and information are inherently uncertain and actual future results, conditions, actions or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or performance will be affected by a number of factors including economic conditions and competitive factors, many of which are beyond the Company's control.

New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these events or the effect that they may have on the Company. Certain statements in this MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and

uncertainties. This may include, without limitation, statements based on current expectations involving a number of risks and uncertainties. These risks and uncertainties include, but are not restricted to: (i) tax-related matters, (ii) financial risk related to short-term investments (including credit risks and reductions in interest rates), (iii) human resources developments, (iv) business integrations and internal reorganizations, (v) process risks, (vi) health and safety, (vii) the outcome of litigation and legal matters, (viii) any prospective acquisitions or divestitures, (ix) other risk factors related to the Company's historic business, and (x) risk factors related to the Company's future operations.

For a more detailed discussion of factors that may affect actual results or cause actual results to differ materially from any conclusion, forecast or projection in these forward-looking statements and information, see the section entitled "Overview – Significant current events" below.

Therefore, future events and results may vary significantly from what the Company currently foresees. Readers are cautioned that the forward-looking statements and information made by the Company in this MD&A are stated as of the date of this MD&A, are subject to change after that date, are provided for the purposes of this MD&A and may not be appropriate for other purposes. We are under no obligation to update or alter the forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by National Instrument 51-102, and we expressly disclaim any other such obligation.

3. OVERVIEW

Significant current events

Novel Coronavirus ("COVID-19")

The Company's operations have been significantly adversely affected by the effects of a widespread global outbreak of the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the ultimate impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, the health crisis could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

Short-term loans

On November 30, 2018, a director extended interim unsecured funding to the Company totalling \$50 at an annual interest rate of 12% and a maturity date of June 3, 2019 and an additional \$20 on March 29, 2019, at an annual interest rate of 12% and a maturity date of September 27, 2019.

On December 18, 2019, a director extended additional interim unsecured funding to the Company totalling \$26.

The three loans and accrued interest were consolidated on December 18, 2019 to a principal of \$105. The consolidated loan bears an annual interest rate of 12% and remains unpaid as at August 31, 2020 and January 5, 2021.

Interest expense for the year ended August 31, 2020 totalled \$12 (2019 - \$6).

Jolian Parties settlement

The Company sought to recover costs, disgorgement orders and post-judgment interest from a former Chief Executive Officer (“CEO”) and his consulting firm, together referred to as the “Jolian Parties”. On November 24, 2017, the Jolian Parties made a proposal under the Bankruptcy and Insolvency Act and the Company filed a proof of claim in respect of amounts owing by the Jolian Parties to the Company.

On December 2, 2019, a settlement agreement between the bankruptcy trustee and the Jolian Parties was approved by the Ontario Superior Court of Justice and the Company was awarded \$144 as follows:

- (a) 25% of \$500 on the closing date, and
- (b) 25% of \$75 by way of 24 consecutive monthly payments of \$3.

During the year ended August 31, 2020, the Company received approximately \$41 in relation to the settlement agreement, resulting in a reversal of impairment charges net of legal expenses of \$68.

The Company

Kure Technologies, Inc. is a publicly listed Canadian company, trading on the NEX, which is a separate board of the TSX Venture Exchange, under the symbol KUR.H. Kure’s head office is located in Toronto, Ontario.

Going concern

The going concern basis of presentation assumes that Kure will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is some doubt about Kure’s use of the going concern assumption as a result of the Company’s accumulated deficit and working capital deficiency as at August 31, 2020. The Company’s ability to continue as a going concern is dependent on its ability to obtain additional financing and or achieve profitable operations in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

Notwithstanding the above, the Company’s consolidated financial statements for the years ended August 31, 2020 and 2019 have been prepared on a going concern basis and do not include any adjustments to the carrying values and classification of assets and liabilities and reported revenue and expenses that would be necessary if the going concern basis was not appropriate. Such adjustments could be material.

Strategy

The Company’s operating strategy is to preserve its cash and explore restructuring opportunities to maximize shareholder value.

The Company is reviewing a variety of business plans and, while subject to change, is currently focusing its strategic efforts in the connected intelligent device sector which it believes has the most attractive opportunities.

Investment in ONEnergy

As at August 31, 2020 and 2019, the Company held 1,075,500 shares in ONEnergy Inc. (“ONEnergy”).

Trading of ONEnergy common shares was halted on May 6, 2019 as a result of a cease trade order due to non-compliance with the Ontario Securities Commission (“OSC”).

Given the significant uncertainty and the fact that ONEnergy’s liabilities exceeded the book value of its assets, management determined that as at August 31, 2019 the fair value of this investment was nominal and reduced the carrying value to \$nil.

5. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the years ended August 31, 2020 and 2019 include the accounts of Kure’s wholly owned subsidiary, UBS Wireless. All significant intercompany balances and transactions have been eliminated upon consolidation.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management’s discussion and analysis of operating results and financial condition are made with reference to the Company’s consolidated financial statements and notes thereto for the years ended August 31, 2020 and 2019, which have been prepared in accordance with IFRS. The Company’s significant accounting policies are summarized in detail in note 2 of the Company’s consolidated annual financial statements for the year ended August 31, 2020, and include:

(a) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute deferred tax assets and liabilities are measured at future anticipated tax rates which have been enacted or substantively enacted at the reporting date. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

With certain exceptions, deferred tax assets and liabilities are provided on all qualifying temporary differences at the end of the reporting period between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are only recognized to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilized.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

(b) Provisions and contingencies

Provisions are recognized when a legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate current market-based pre-tax discount rate. The increase in the provision due to passage of time is recognized as interest expense.

When a contingency substantiated by confirming events can be reliably measured and is likely to result in an economic outflow, a liability is recognized as the best estimate required to settle the obligation. A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligation cannot be measured reliably or will likely not result in an economic outflow. Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized in the consolidated financial statements.

(c) Significant accounting judgments and estimates

The preparation of the Company's consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The Company's consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant management estimation is required in determining accrued liabilities and accrued restructuring liabilities due to related parties.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income together with future tax planning strategies. Factors considered in the assessment of the likelihood and value of the realizable deferred tax assets include the Company's forecast of the amount and timing of future net income before taxes, available tax planning strategies that could be implemented to realize the deferred tax assets and the remaining period of loss carry-forwards.

Significant judgment and estimates are also required in assessing the carrying value of accounts receivable and other receivables. Factors considered in assessment of carrying value included the ability of the counterparty to pay and the actions available to the Company to enforce collection. Estimation uncertainty relating to the receivable from the Jolian Parties is disclosed in the section entitled "Overview – Significant current events – Jolian Parties settlement".

7. SELECTED ANNUAL INFORMATION

	Fiscal 2020	Fiscal 2019	Fiscal 2018
Service and sales revenue	\$ -	\$ -	\$ -
Operating expense	192	210	251
Interest income/(expense)	(12)	42 ⁽¹⁾	23 ⁽¹⁾
Loss on sale of ONEnergy shares	-	-	(273)
Impairment of receivable from Jolian Parties	68	(281)	(168)
Unrealized loss of investment in ONEnergy recognized in net loss	-	-	(189)
Fair value adjustment in ONEnergy	-	(215)	-
Income (loss) before comprehensive income (loss)	(136)	(664)	(858)
Fair value adjustment in ONEnergy ⁽²⁾	-	-	(189)
Unrealized loss recognized in net loss	-	-	189
Income (loss) and comprehensive income (loss) for the year	\$ (136)	\$ (664)	\$ (858)
Income (loss) per share			
Basic and diluted	\$ (0.01)	\$ (0.04)	\$ (0.06)
Total assets	35	163	758
Total liabilities	645	637	568

⁽¹⁾ Includes accrued post-judgment interest on the cost and disgorgement orders owed to Kure by the Jolian Parties.

⁽²⁾ As at August 31, 2019, the Company determined the fair value of ONEnergy was nominal and reduced the carrying value to \$nil.

8. RESULTS OF OPERATIONS

Highlights of the results for the year ended August 31, 2020 include the following:

- Kure recorded a loss from operations totaling \$136, (2019 – \$664);
- As at August 31, 2020, Kure held cash of \$14 (August 31, 2019 - \$2).

Operating expense

	Year ended August 31,	
	2020	2019
Compensation	\$ 63	\$ 75
General and administrative	129	135
Total operating expense	\$ 192	\$ 210

Compensation

Compensation expense includes mainly wages, salaries and benefits.

During the year ended August 31, 2020, the Company expensed \$63 in compensation (2019 - \$75). Refer also to the section “Related party transactions – Compensation of key management personnel”.

General and administrative expense

General and administrative expense includes mainly professional fees, board of director fees, general occupancy, and other administrative overheads for the Company. A summary of the general and administrative key components is set out below:

	Year ended August 31,	
	2020	2019
Professional expenses	\$ 85	\$ 115
Office and general	44	20
Total general and administrative expenses	\$ 129	\$ 135

Professional fees

Professional fees include mainly corporate legal, audit, accounting, filing fees, general shareholder meeting costs and insurance.

During the year ended August 31, 2020, the Company recorded \$85 (2019 - \$115). The decrease in professional expenses during fiscal 2020 was due mainly to a decrease of \$38 in general corporate advice over fiscal 2019.

Interest and financing charges

No interest income was earned during the year ended August 31, 2020. Interest income for the year ended August 31, 2019 totaling \$48 was earned mainly on the Jolian Parties receivable (refer to the section entitled "Overview – Significant current events – Jolian Parties settlement").

Interest expense for the year ended August 31, 2020, totaling \$12 (2019 - \$6), arose from unsecured short-term loans outstanding, as discussed in the section entitled "Related party transactions – Short-term loans payable".

Income taxes

As at August 31, 2020, the Company had approximately \$21,000 in non-capital income tax losses with expiry dates between 2027 and 2040, SRED pool carry-forwards of \$11,545, capital loss carry-forwards of \$25,530, and non-tax deductible reserves of \$65.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

Loss and comprehensive loss

For the year ended August 31, 2020, the loss and comprehensive loss amounted to \$136 or \$0.01 per share, basic and diluted (2019 –\$664 or \$0.04 per share, basic and diluted).

9. QUARTERLY FINANCIAL RESULTS

	Fiscal 2020				Fiscal 2019			
	Aug 31	May 31	Feb 29	Nov 30	Aug 31	May 31	Feb 28	Nov 30
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expense before interest	83	32	47	30	75	37	52	46
Interest expense (income), net	4	3	3	2	(15)	(7)	(11)	(9)
Loss on sale of ONEnergy shares	-	-	-	-	-	-	-	-
Impairment of accounts receivable	(3)	-	(65)	-	281	-	-	-
Impairment of investment in ONEnergy	-	-	-	-	215	-	-	-
Income (Loss) before comprehensive income (loss)	(84)	(35)	15	(32)	(556)	(30)	(41)	(37)
Fair value adjustment in ONEnergy ⁽¹⁾	-	-	-	-	(64)	(6)	(145)	-
Unrealized loss recognized in net loss	-	-	-	-	215	-	-	-
Income (loss) and comprehensive income (loss) for the period	\$ (84)	\$ (35)	\$ 15	\$ (32)	\$ (405)	\$ (36)	\$ (186)	\$ (37)
Income (loss) per share from operations – basic and diluted	\$(0.003)	\$(0.002)	\$ 0.001	\$(0.002)	\$(0.037)	\$(0.002)	\$(0.003)	\$(0.002)
Comprehensive income (loss) per share – basic and diluted	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.010	\$ 0.000	\$(0.009)	\$ 0.000
Income (loss) per share Basic and diluted	\$(0.003)	\$(0.002)	\$ 0.001	\$(0.002)	\$(0.027)	\$(0.002)	\$(0.012)	\$(0.002)

⁽¹⁾ As at August 31, 2019, the Company determined the fair value of ONEnergy was nominal and reduced the carrying value to \$nil.

10. LIQUIDITY AND CAPITAL RESOURCES

Kure held cash of \$14 as at August 31, 2020 (2019 - \$2).

Cash used in operating activities for the year ended August 31, 2020 was \$14, compared to \$83 for the year ended August 31, 2019.

Financing activities recorded during the year ended August 31, 2020 totalled \$26 (2019 - \$70) resulted from receipt of unsecured loans from a related party to the Company (refer to the section entitled “Related party transactions – Short-term loans payable”).

There were no investing activities during the years ended August 31, 2020 and 2019.

Kure has incurred operating losses and negative cash flows from operations in recent years. Kure will need to raise cash and/or reduce its outstanding commitments in order to meet the needs of its existing operations and commitments, giving rise to doubt about Kure’s use of the going concern.

The Company’s approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its current liabilities when due.

11. SHARE CAPITAL

As at August 31, 2020 and January 5, 2021, approximately 15,097,800 common shares in Kure were issued and outstanding.

12. STOCK BASED COMPENSATION

As at August 31, 2020 and 2019, no stock options were issued or outstanding, and no stock options were granted or expired.

13. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The Company's key management personnel include members of the executive team and the board of directors of the Company and its wholly owned subsidiaries.

Key management compensation for the year ended August 31, 2020 totalled \$30 for director fees (2019 – a total of \$39, which included \$28 for director fees and \$11 to the former CEO of the Company who resigned on November 21, 2018).

The balance of compensation owing to key management personnel is summarized as follows:

	August 31, 2020	August 31, 2019
Former CEO compensation (net of applicable taxes)	\$ -	\$ 111
Board fees	93	63
Total	\$ 93	\$ 174

There are no ongoing contractual or other commitments arising from these transactions with related parties.

Short-term loans payable

The Company executed loans payable with a director during fiscal 2019 and 2020. As at August 31, 2020, \$114 remained outstanding (August 31, 2019 - \$76). Refer also to the section entitled "Overview – Significant current events – Loans payable".

15. OPERATING RISKS AND UNCERTAINTIES

Management of capital

The Company's main objective when managing capital is to safeguard the Company's ability to continue as a going concern. As at August 31, 2020, the Company is not subject to any externally imposed capital requirements. The Company defines its capital as shareholders' equity plus short term loans.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. There were no significant changes to the Company's approach to capital management during the years ended August 31, 2020 and 2019.

Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: fair values, credit risk, liquidity risk and market risk (including interest rate and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee, under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Fair values

As at August 31, 2020 and 2019, financial instruments consist of cash, accounts receivable and other receivables, Jolian Parties receivable, accounts payable, accrued liabilities and short-term loans. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations and limited exposure to credit and market risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is exposed to credit risk through its cash balance which is held at Canadian financial institutions. The Company believes its exposure to credit risk is not significant.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management believes the Company had no significant exposure to interest rate risk through its financial instruments as at August 31, 2020 and 2019.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements.

The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in the section entitled "Management of Capital", in normal circumstances.

The Company's financial liabilities are comprised of its accounts payable and accrued liabilities, and short-term loans.

16. PROPOSED TRANSACTIONS & OFF- BALANCE SHEET ARRANGEMENTS

There are no proposed transactions or off- balance sheet arrangements.

17. ADDITIONAL INFORMATION

Additional information regarding the Company's financial statements and corporate documents is available on SEDAR at www.sedar.com.

KURE TECHNOLOGIES, INC.

Shareholder Information

Board of Directors and Officers

Alex Dolgonos (Chairman of the Board
and Chief Executive Officer)

Igor Keselman (Chief Financial Officer)

Nicholas T. Macos

Auditors

Dale Matheson Carr-Hilton Labonte LLP
Vancouver, British Columbia

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Common shares

The common shares of the Company
are listed on the NEX under the
symbol KUR.H.